

SMALL BUSINESS LOAN FUND CORPORATION

MINUTES OF THE BOARD OF DIRECTORS

February 2, 2006

A monthly meeting of the Board of Directors of the Small Business Loan Fund Corporation was held in public session at the offices of the Rhode Island Economic Development Corporation, One West Exchange Street, Providence, Rhode Island on February 2, 2006 at approximately 9:37 a.m.

Present were Board Members: Raymond Fogarty (Chair), Maurice Paradis and William Parsons. Absent were Board Members: Edward Rendine and Richard DeMerchant. Also present were: Earl Queenan, Claudine Tikoian, Alicia Pomfret, staff, along with Thomas V. Moses, SBLFC Counsel of Moses Afonso Jackvony Ltd. and Robert C. Bromley, Legislative Budget Analyst of the Senate Fiscal Office.

Mr. Fogarty called the meeting to order at 9:37 a.m.

Mr. Fogarty opened the special meeting to discussion of Lance Industries.

Mrs. Tikoian presented her Memorandum to the Board containing the requests for consideration at today's meeting. She detailed the prior meeting's approval and related conditions, gave a status report on those conditions, reviewed the requests to be considered by the Board at this meeting, and reviewed staff's recommendations.

Mr. Paradis asked why a special meeting was called on behalf of this request. He queried why this particular request would merit a decision to be made prior to the next regularly scheduled Board Meeting. Mr. Queenan explained that the client was affected by the flood, and that staff is attempting to close on these loans and issue proceeds as promptly as possible. Mrs. Tikoian stated that the client has performed the necessary clean up from the flood and now needs to order inventory for his business. Mr. Fogarty noted that this client came before the Board two meetings ago, and as this is a flood loan time is a factor. Ms. Pomfret expressed the need could be likened to business interruption.

Discussion concerning the applicant's request to waive the Phase I Environmental Study was held. Mr. Moses expressed that this waiver should not be granted; that perhaps the Board could consider increasing the amount of the loan if the cost for the study was the key factor for the client's waiver request. Mrs. Tikoian noted that the cost of the Phase I is anticipated to be approximately \$2,000. After significant discussion of the Phase I, the Board gave consideration to the other requests submitted on Lance Industries' behalf.

After further discussion, a motion was made by Mr. Parsons, was seconded by

Mr. Paradis, and was unanimously approved on behalf of Lance Industries to increase the \$100,000 loan amount to the amount necessary to include the cost of a Phase I Environmental Report.

A motion was then made by Mr. Parsons, was seconded by Mr. Paradis, and was unanimously adopted to allow staff's recommendations, with the exception of the request to waive the condition for a Phase I Environmental Report. Those recommendations are as follows:

- 1) To waive the cross-guaranty requirement of the following real estate holding companies: Ambientale LLC (owns 55 Industrial Circle), Immortal Land LLC (owns Douglas Ave) and Wells Beach LLC (land owned in Wells, Maine).**
- 2) That the corporate guaranty of Moshassuck LLC will continue to be provided and secured by a second mortgage on 20 Moshassuck Rd., Lincoln, Rhode Island.**
- 3) That all existing and future notes payable to Steven Lancia shall be subordinate to the SBLFC loan.**

Upon a motion made by Mr. Parsons and seconded by Mr. Paradis, the Board unanimously voted to adjourn. The meeting concluded at 10:11 a.m.

Respectfully submitted,

Earl F. Queenan, Jr.

Director of Accounting & Finance